

**GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND**

**Minutes of a Meeting of the  
Board of Trustees**

**Held on August 8, 2018  
3:00 o'clock p.m.**

**Offices of  
Climaco, Wilcox, Peca & Garofoli Co., L.P.A.  
55 Public Square, Suite 1950  
Cleveland, Ohio**

There being a quorum present, Mr. Carroll called the meeting to order at approximately 3:00 p.m. Board members Matt Carroll, William Reidy and David Ebersole were present as was newly appointed Board member Ken Silliman. Also present were Todd Greathouse, Brian Kelly, and Daniella Nunnally of Gateway, as well as Dennis Wilcox and Scott Simpkins as Gateway's General Counsel. Also present was Gateway's Engineering Consultant David Faller. Present from Cuyahoga County was Brian Witt. Present from the Indians were Jim Folk, Neil Weiss, Dennis Lehman and Joseph Znidarsic. Present from the Cavs were Anthony Bonavita and Beverly Skoar. Present from the media was Courtney Astolfi of Cleveland.com. Present from Stifel Nicolaus was Robert Franz. Present from the public was William Tarter.

Mr. Carroll opened the meeting and asked for approval of the Minutes of the May 23, 2018 meeting. Upon motion made by Mr. Ebersole, and seconded by Mr. Reidy, the Minutes were unanimously approved 3-0.

Next, Mr. Carroll asked if there was any public comment. Mr. Tartar expressed concern about the availability of sufficient funding for future major capital expenses. Mr. Carroll responded that his concern is well taken and will be noted for further discussion.

Mr. Carroll then asked Mr. Wilcox to introduce Resolution 2018-5 for approval of the appointment of Mr. Silliman to serve on the Board of Trustees as the City and County's joint appointee to replace Timothy P. Offtermatt for the term expiring May 31, 2022. Based on the presentation and motion by Mr. Ebersole and seconded by Mr. Reidy, the following Resolution 2018-5 was unanimously approved by the Board:

**RESOLUTION NO. 2018-5**

**REGARDING SEATING OF KENNETH SILLIMAN  
AS A MEMBER OF THE BOARD  
OF GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND**

WHEREAS, Timothy P. Offtermatt was previously appointed as a member of the Corporation's Board of Trustees as the joint appointment for the City of Cleveland and Cuyahoga County and served as Chairman for the Corporation's Board of Trustees; and

WHEREAS, Timothy P. Offtermatt resigned from the Board of Trustees and as Chairman; and

WHEREAS, the Board has been notified by the Mayor of the City of Cleveland and Cuyahoga County Executive that they wish to designate Kenneth Silliman, to serve as the joint appointee of the City and County for the term commencing immediately and expiring May 31, 2022; and

WHEREAS, such appointment was confirmed by the respective Councils of the City and County.

NOW, THEREFORE, BE IT RESOLVED, that Kenneth Silliman be and hereby is seated as a member of the Board of Trustees and as a member of the Corporation as the joint appointee to replace Timothy P. Offtermatt, such term to commence immediately and to expire May 31, 2022, subject to reappointment by the Mayor and County Executive.

\* \* \* \*

The next order of business was to elect a Chair of the Board. Mr. Carroll asked if there were any nominations from the floor. Mr. Ebersole nominated Mr. Silliman. Hearing no other nominations from the floor, Mr. Carroll then closed nominations for the Chair position. Upon motion made by Mr. Reidy, and seconded by Mr. Carroll, Mr. Silliman was elected Chair by unanimous vote. After the vote, Mr. Silliman thanked Mr. Carroll for his services as acting Chair and thanked Mayor Jackson and County Executive Budish for their confidence in designating him for the joint appointee Board position. Mr. Silliman then remarked that he looks forward to addressing a number of issues as Board Chair including how we deal with major capital repair projects in the future and highlighting the diversity and inclusion goals on current and future projects.

The Board then heard the Executive Director's report. Mr. Greathouse reported on Arena Major Capital Repair requests. With regard to the Arena Roof project, the majority of the roof has been addressed to date with the final Roof-O as designated in the Board materials to be addressed in the Spring of 2019. Mr. Greathouse stated that Gateway is currently on budget and should be slightly under the projected \$7.2 million project budget. Ms. Nunnally then addressed the inclusion report included in the Board materials stating that with the project 70 percent complete, MBE is currently at 21 percent, FBE is currently at 6 percent and CSB is currently at 1 percent.

Mr. Greathouse then gave an update of the HVAC project for the Arena stating that they are currently installing the central plant upgrades and all demolition was completed on July 6 to facilitate the installation of the two new cooling towers and three chillers. On the air handling side, exhaust fans and air handling units should be installed by October 1 and Gateway is currently on track to spend approximately \$25.8 million of the \$28 million budget. With regard to inclusion,

Ms. Nunnally discussed the inclusion report included in the Board materials stating that MBE is currently at 16 percent, FBE is currently at 59 percent and CSB is currently at 11 percent. Mr. Silliman asked Ms. Nunnally whether the contractors submit information on City residency. Ms. Nunnally responded that they do not on this project, but on the Arena Transformation project the contractors do report on City residency. Mr. Silliman asked if it is possible to do so for Major Capital Repairs and Ms. Nunnally stated it depends on whether the contractors have the proper software to enable proper tracking.

Mr. Greathouse then addressed the Arena first reading major capital requests and directed the Board to the June 30, 2018 letter from Mr. Bonavita of the Cavs in the Board materials. Mr. Greathouse stated that he and Mr. Faller would be working with Mr. Bonavita and his staff at the Cavs to review the vertical transportation and lighting control requests, with the help of Gateway's elevator consultant to develop a scope of work in preparing a budget. Once a budget has been prepared, these major capital requests will be submitted at the next Board meeting.

Ms. Nunnally then provided an update on the Transformation Project and the inclusion reports contained in the Board materials. Ms. Nunnally stated that there have currently been over 44,000 man-hours on the project and she referred the Board to the pictures in the Board materials showing the remaining pile caps and remaining stem walls as well as the facade demolition on the northwest exterior and steel erection. Ms. Nunnally then directed the Board's attention to the diversity inclusion summary reports in the Board materials and stated that so far 47 percent of the total spent has been spent on minority firms. Breaking this down, the figures for MBE are 17 percent, FBE is at 21 percent, and SBE is at 40 percent. Ms. Nunnally stated she will bring more information on personnel on the project at the next Board meeting to address the Chair's prior inquiries regarding City residency. Mr. Ebersole then inquired when Phase I will be completed. Mr. Bonavita responded that Phase I will be completed by October 1, 2018 with punch out items to be completed by October 21. They will then be open during the basketball season and a total project completion is scheduled in October 2019.

Mr. Greathouse then provided an update on the major capital expense projects at the Ballpark. With regard to the HVAC cooling towers and chillers, the project is complete subject to a few performance/operational issues. Ms. Nunnally stated the inclusion total participation has been 58 percent with MBE at 9 percent, FBE at 42 percent, and CSB at 7 percent. On the safety and security systems project, the project is complete subject to the Indians coordinating a time for the remaining training session with the contractor. Ms. Nunnally stated that the project is 94 percent complete with MBE participation at 18 percent and CSB at 3 percent. Ms. Nunnally noted that there are not a lot of FBE tech companies to assist with the software training.

On the High Steel Painting, Mr. Greathouse stated from the overall project standpoint, the project is almost 80 percent complete with the Carnegie and 9<sup>th</sup> Street towers 100 percent, Ontario towers 90 percent, centerfield towers at 50 percent, and elevator towers and signage support the last major items to be completed. Project completion is late September depending on the weather. Ms. Nunnally stated that with almost \$1.4 million spent, they have an FBE rate of 88 percent. With regard to the concrete resurfacing, Mr. Greathouse stated that the project is complete subject to a few expansion joints and detailed the square footage of resurfacing on the project. Ms. Nunnally then provided the inclusion figures with an MBE at 15 percent and FBE at 11 percent.

On the field lighting project, the field lighting system is installed and operating but not yet installed per the RFP requirements. The system continues to experience issues related to rain events and Gateway is working with the contractor on this and other open issues. Ms. Nunnally noted that there are only three contractors around the country that do this type of work and for that reason, no inclusion summary report was submitted with the Board materials. With regard to the players' parking lot and fencing, the fencing is completed and the security entrance hallway is completed. As for the security entrance structure and parking lot expansion, design is still progressing and the plan is to construct the entrance and lot expansion this Fall at the conclusion of the baseball season.

With regard to the data room air conditioning, the equipment has been delivered and is on site and about one-third of the copper pipe has been installed. The project will be completed after the baseball season. As for the outside escalators, construction documents are 90 percent complete and front end RFP documents need to be completed. Total projected time for the project is 98 weeks and estimated project completion is the end of the 2019 season.

Mr. Greathouse then proceeded to second reading of major capital requests for the Ballpark. At the last Board meeting the Indians presented two potential major capital projects; one for the club lounge and one for the office building project. With regard to the office building project, the Indians and Gateway decided to table that for now to allow the parties additional time to gather information for the construction process. With regard to the club lounge, Gateway was able to review with the Indians and Mr. Faller, as Gateway's consultant, and reach an agreement that approximately half of the work qualifies as a major capital repair under the lease. Mr. Faller then displayed a PowerPoint presentation and proceeded to explain the scope of the project and how Gateway arrived at these figures. Specifically, Mr. Faller discussed how the entire \$6 million was for renovations within the existing club lounge footprint and how ballpark trends have evolved since the club lounge was originally designed when the Ballpark was constructed. Mr. Faller explained that they were able to come to the tough decision that \$2.9 million of the \$6 million request fits within the definition of major capital repairs. After Mr. Faller's presentation, Mr. Greathouse recommended the Board approve the \$2.9 million major capital repair for the club lounge renovation. Mr. Wilcox then noted that a resolution had been prepared. Mr. Silliman then introduced Resolution No. 2018-6 for recommending approval of the club lounge renovation as a Major Capital Repair. Based on the presentation and motion of Mr. Ebersole and seconded Mr. Reidy, the following Resolution 2018-6 was unanimously approved by the Board:

#### RESOLUTION NO. 2018-6

##### REGARDING RECOMMENDATION WITH RESPECT TO REQUEST FOR MAJOR CAPITAL REPAIRS FROM THE CLEVELAND INDIANS BASEBALL COMPANY LIMITED PARTNERSHIP

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland ("Gateway") has agreed to provide for Major Capital Repairs as defined in the Lease (the "Lease") between Gateway and Cleveland Indians Baseball Company Limited Partnership (the "Cleveland Indians"); and

WHEREAS, the Board of Gateway has previously notified the City of Cleveland, Ohio (“City”) and Cuyahoga County (“County”) that Gateway does not have sufficient funds to pay Major Capital Repairs as defined in the Lease and requested the respective appointing authorities of Gateway, the City and the County, to consider such funding of Major Capital Repairs; and

WHEREAS, on May 9, 2012 the Board adopted Resolution No. 2012-1 setting forth its policies and procedures with respect to Major Capital Repairs (“Policy”); and

WHEREAS, the Cleveland Indians have submitted a request for approval of Major Capital Repairs to the Ballpark under the Lease; and

WHEREAS, the Board has reviewed such request and pursuant to the Policy has received information from its professional consultant recommending approval of such items as Major Capital Repairs; and

WHEREAS, the Gateway Board desires to recommend approval of the Major Capital Repairs request from the Cleveland Indians as further described in Exhibit A attached hereto.

NOW, BE IT RESOLVED, that the Board of Trustees of Gateway, on behalf of Gateway, finds that the requested Major Capital Repairs from the Cleveland Indians for the Ballpark, attached as Exhibit A hereto, are Major Capital Repairs under the Lease and are hereby recommended for approval.

BE IT FURTHER RESOLVED, that this Resolution, including the attached Exhibit A, constitutes Gateway’s recommendation under the Policy and shall be forwarded to the City and the County forthwith and Gateway shall continue to provide information to the City and the County as requested to support this recommendation.

BE IT FINALLY RESOLVED, that the Board respectfully requests the County or City make a decision as to this recommendation no later than December 31, 2018.

#### Exhibit A

##### Cleveland Indians Major Capital Requests

- Progressive Field Club Lounge Major Capital      \$ 2,900,000

\* \* \* \*

Next, the financial reports were given by Brian Kelly. He first reviewed the operating account for the month ended June 30, 2018 and reported a cash beginning balance of \$238,586, total receipts of \$269,771, and total disbursements of \$258,248 for a month-end balance of \$250,109. He then reviewed the Ballpark Capital account for June which had a beginning balance of \$12,630, receipts of \$130,000, and capital disbursements of \$75,721 for an ending balance of \$66,908.

He then reviewed the projections from July 1<sup>st</sup> through September 30<sup>th</sup>. First, the current account balance is \$250,109, anticipated revenues are \$1,080,946, for estimated money before disbursements of \$1,331,056. Operating disbursements are anticipated to be \$1,214,998, for an estimated balance by September 30<sup>th</sup> of \$116,058. Mr. Kelly then reviewed the current status of property taxes and noted that the Indians have paid the property taxes and the Cavs will have property taxes in the amounts of \$116,126 and \$17,764 yet to be paid. Collective total for taxes and BID to be paid is \$294,493.

Mr. Kelly then provided a Quicken Loans Arena major capital spreadsheet. Mr. Kelly reported the total amount approved thus far taking into consideration the various category reductions equals \$23,067,489. He then discussed the transformation project and noted the cumulative amount submitted is \$29,674,995. He noted this amount has almost reached the total \$35 million amount for the first tranche of bonds for the project. The total amount for the Transformation Project is \$140,955,000. After the \$140,955,000 amount, the Cavs self-fund the balance of the project costs.

He then addressed the Ballpark Alterations account noting that 2018 total receipts and disbursements is \$95,955 and since 2014 the total is over \$40 million. Mr. Kelly then provided a Progressive Field major capital account spreadsheet. The cumulative Major Capital amount submitted equals \$36,097,005.

After the presentation of the financial reports, Mr. Silliman stated the next Board meeting is scheduled for November 14, 2018 at 1:00 p.m. However, he also wants to retain the possibility of conducting a September Board meeting if one is warranted. Mr. Silliman also took a moment to address what he described as a one-sided article in the New York Times about the Arena Transformation Project. He stated that, notwithstanding the article, Cleveland is a national leader in how to effectively manage a sports facility complex and noted that the Indians have made a significant investment of over \$38 million in the Ballpark over the past few years which he believes contributed to the Ballpark being selected to host next year's All-Star Game.

Upon motion made by Mr. Carroll, seconded by Mr. Ebersole, the Board adjourned the meeting at approximately 4:05 p.m.

APPROVED:

---

Secretary-Treasurer